

DESCRIPTION OF CAPITAL IMPROVEMENT PROGRAM

FISCAL YEARS 2000 - 2004

The Capital Improvement Program (CIP) contains the budgeted and proposed capital improvements by project description, proposed funding source, and scheduled costs. The CIP is a planning and financial tool for the City to prepare for future needs. The City's CIP is broken into two parts. The first part covers the proposed capital improvements in the General Fund. The second covers those improvements in the Water and Sewer Fund. A brief narrative is provided for each proposed project. Following the narratives, a detailed CIP schedule for each fund is presented.

General Fund CIP

The following projects have been proposed over the next five years in the General Fund. Funding has been provided for the FY 1999-00 projects in the budget.

Downtown Projects: In an effort to revitalize the downtown area, several projects are planned to boost development. These projects include work along Council Street, the acquisition of the Chamber property, and providing an incentive for the Norman's property. Other aspects of this plan will be the creation of more parking spaces and the demolition of a portion of the Flowers Bakery building. The cost of these projects will be partially offset with General Fund revenues derived from the sale of properties and funds held for parking improvements. The total offset is anticipated to be approximately \$410,000.

Impact on Operations: These projects are part of an investment in the downtown area with public and private funding. Since the properties are not City-owned, the only impact will be the debt financing. Due to an increase in tax revenues from the downtown investment, the City anticipates a payback within seven years.

City Office Building: Planned improvements include the remodeling of several floors. On the second floor, a training room will be completed for Human Resources. The third floor will have badly worn carpet replaced. Fourth floor will be renovated to accommodate office space for the Parks and Recreation Department's administrative staff. The fifth floor will be completely renovated, including paint, carpeting, ceilings, and electrical work. Future plans include the installation of energy-efficient windows and doors.

Impact on Operations: It is anticipated that operational costs will fall slightly since the City is again consolidating employees from outlying buildings into a more central location. The City will incur debt for the financing of these improvements, but there will be minimal impact since current General Fund debt will be decreasing in the upcoming years.

City Hall Building: City Hall will have a Mayoral Gallery, outside center courtyard improvements, and landscaping around the front of the building and driveway areas. The installation of a decorative fence is also planned. New office furniture will be purchased for the Land Management and Development Department, which will be relocating to City Hall.

Impact on Operations: There will be no impact on operations.

Salisbury West Business and Community Center: The Salisbury West Business and Community Center will have a conference table and chairs installed in the conference room. Additional chairs will be ordered for the main meeting room.

Impact on Operations: There will be no impact on operations.

Police Headquarters: The headquarters of the Police Department will be remodeled including the replacement of the flagstone at the front of the building, painting, papering, and replacing all of the carpets on the first floor.

Impact on Operations: The remodeling is the first phase. Upcoming renovations will be determined as part of the strategic plan discussed in the Budget Message.

The Plaza: Plans include remodeling the second floor into rented office spaces with shared office support.

Impact on Operations: The largest impact will be for office support for the shared office space. The estimated

personnel costs for the next five years are FY00 - \$29,000; FY01 - \$37,650; FY02 - \$42,500; FY03 - \$48,000; FY04 - \$54,000. These costs will be offset by revenue for rental of the office space.

HVAC Repairs to Various Facilities: The City is continuing repairing and replacing outdated HVAC systems. Funding is provided to replace the HVAC components at the Civic Center and the heat pump at the Police Department.

Impact on Operations: There will be no impact on operations.

Roof Repairs to Fire Department: Based on a study of the state of roofs for various City-owned facilities, funding is recommended to continue to bring the roofs up to a satisfactory level. For FY 1999-00, funding is provided to repair a roof in a facility used by the Fire Department.

Impact on Operations: There will be no impact on operations.

Fleet Management Facility: Due to the growth of the City and the City's fleet, the expansion of the shop and upper bay is necessary to continue to provide the same level of service and to accomplish a more productive work flow.

Impact on Operations: The expansion of space will necessitate an increase in the cost of heating and cooling the area.

Equipment/Materials Storage – Street Division: The City has an old landfill that is used for storage of materials such as compost, dirt, road salt, and sand. Storage facilities are needed to keep these materials dry and allow for continuation of work projects regardless of weather conditions. Additionally, a secure facility is needed to house various pieces of equipment.

Impact on Operations: There will be no impact on operations.

Landscaping and Building Improvements for Cemetery Division: Regulatory signage has been approved in FY99-00 to improve the cemetery grounds. Future renovations include privacy fencing and to improve the visual impact at some of the cemetery locations.

Impact on Operations: There will be no impact on operations.

Remodel Bathrooms at Fire Station 53: During FY 1996-97, the heating system was replaced which impacted the bathroom area at this station. The ductwork and furnace are now exposed. Additionally, this area was constructed in the 1950's in a style that does not assure privacy for today's firefighters.

Impact on Operations: There will be no impact on operations.

Equipment Storage at Landscaping: Current equipment storage is inadequate. For longevity of equipment, it is best to store the equipment out of the elements. The proposed storage area will house the larger tractors and will enhance the functionality of the remaining area. In addition, a storage area with an irrigation system is needed for planting materials.

Impact on Operations: The impact would be minimal, but the City would incur additional costs for use of water in the irrigation system.

Enclose Area for Traffic Operations: By enclosing the area between the two Traffic Operations buildings, leasing of storage trailers would be eliminated and an area for repair/office space would be provided.

Impact on Operations: The City would save \$800 annually by not leasing storage trailers, but most of the savings would be offset by additional heating and cooling costs.

Enclose and Heat Building Connection for Street Division: The enclosure will add office and meeting space for the Street Division.

Impact on Operations: The City would incur additional heating and cooling costs with the enclosure.

Salisbury Community Park and Athletic Complex: On May 7, 1996, the citizens of Salisbury approved a \$3 million general obligation bond referendum for this Complex. These bonds have been sold and the land purchased for approximately \$1,500,000. The current phase of this project includes the development of the infrastructure, softball, and soccer fields.

Impact on Operations: *The estimated additional personnel and operating costs (including debt service) for the next five years are: FY00 - \$305,600; FY01 - \$361,300; FY02 - \$404,300; FY03 - \$411,500; FY04 - \$475,000.*

Various Parks and Recreation Renovations: In future years, funding is recommended to continue improving the state of the parks and replace old and worn equipment and facilities.

Impact on Operations: *There will be no impact on operations.*

Civic Center Expansion: When the Civic Center was completed, it served the needs of the community. The size of the facility can no longer support the public needs or demand. The Center needs to be replaced with a modern facility, which is adaptable to accommodate various events. Parking will also be addressed. There are currently more than 10 events annually which draw crowds that exceed the parking capacity, as well as public meetings. Additional parking would also allow for program opportunities that cannot be provided due to lack of parking space.

Impact on Operations: *A potential bond referendum of \$1,500,000 for expansion of the Civic Center could possibly increase the tax rate for the debt service requirements.*

Salisbury West Recreation Complex: The needs of the citizens of Salisbury warrant a new recreational facility in the west area of town. Further study is needed to determine the timing and costs of this project. Estimates for the construction costs are approximately \$457,500. This project would be funded over a three-year period. Components of the construction would be as follows: FY01 – Hall Gym renovation, \$187,500; FY02 – Parking lot renovation/expansion, \$150,000; FY03 – Gym fitness room and classroom, \$120,000.

Impact on Operations: *There will be no impact on operations.*

Sports Complex Renovation: Due to the age and condition of this facility, a major renovation is needed to repair the fields and buildings. The fields need to be properly graded to promote adequate drainage, then reseeded.

Impact on Operations: *There will be no impact on operations.*

Construct New Fire Station: This station is needed to protect the growth around the Salisbury Mall/Highway 70 area. The opening of the station will be part of a three-year implementation, which includes the hiring of six personnel for each of the three years.

Impact on Operations: *The greatest impact of the CIP on General Fund operations will be in the construction and staffing of the new fire station. Currently, the estimated additional personnel and operating costs (including debt service) are FY00 -\$89,000; FY01 - \$509,700; FY02 -\$697,500; FY03 - \$717,100; FY04 - \$763,900.*

Impact on Operations in General Fund –*Most capital improvements will not have a major impact on the operating costs of the General Fund with the exception of the new fire station as previously stated. A constant amount of funding is set aside in the General Fund Budget for improvements to upgrade aging and inadequate offices and buildings. A facility study needs to be implemented for the Public Services Department to assess the true need for each Departmental Division. The resulting plan would then dictate the scope of future capital improvements.*

Debt service requirements for the general obligation bonds issued for the development of Community Park and Athletic Complex is shown in the Debt Management Program section of this document.

Water and Sewer Fund CIP

The Water and Sewer Fund's CIP is broken into water projects and sewer projects. The following water projects have been proposed over the next five years. Funding has been provided for the FY 1999-00 projects in the budget.

Water Line Repair and Replacement: Each year, the City budgets funds to repair and replace our aging water distribution system. Actual projects are identified and prioritized annually.

Water Line Extensions: Each year the City budgets funds to extend water lines in accordance with the Water/Sewer Extension Policy. Actual projects are identified and prioritized annually.

Water Treatment Plant Upgrade: Our current water treatment plant is over forty years old. Repairs and improvements are needed in order to ensure compliance with regulations and reliability of supply. In FY98-99, the City completed a portion of Phase 1, which included filter rehabilitation, an emergency generator, and new filter valves and controls. For FY2000-01, new finished water pumps and clearwell baffles are scheduled. These and future improvements will ensure our ability to meet all current and proposed federal/state standards.

Raw Water Force Main and Gravity Lines: Our aging raw water supply system must be upgraded in order to ensure that water can be reliably conveyed to the Water Plant Treatment Plant. The first phase will include an upgrade of the manifold at the Yadkin River Pump Station to allow an increase in pumping capacity from 12 million gallons per day (MGD) up to 24 MGD and the installation of a new 42" force main from the Yadkin River Pump Station to the reservoirs. The second phase includes the installation of a new 30" gravity line from the reservoirs to the Water Treatment Plant. The upgrading of the lines in size will also allow for the proposed expansion of the Water Treatment Plant to 18 MGD.

Finished Water Line to China Grove: The City is currently supplying the Town of China Grove with bulk sales of wastewater treatment. The installation of a finished water line would allow the sale of water to the town as well as increase customer base.

Water Line Extension to Rockwell: The consolidation of the Rockwell water distribution system with the Salisbury utility system has resulted in the Utilities Department operating and maintaining the 10 deep wells that supply drinking water to Rockwell. While the existing wells have adequate capacity to supply the current demand, it will be necessary to extend a 12-inch water line from the end of the Salisbury distribution system in Granite Quarry along Highway 52 to Rockwell in order to accommodate increasing demand due to growth.

Hurley School/Sherrills Ford Roads 12" Water Line: The US 29 booster station is the only point of supply for the "high pressure" water distribution system. A line along Hurley School and Sherrills Ford Roads will connect to the water line at NC 150 and Rowan Mills Road. A new pump station at the Highway 70 standpipe will be able to supply the "high pressure system" in the event the US 29 booster station was inoperable.

The following sewer projects have been proposed over the next five years.

Sewer Line Repair and Replacement: Each year, the City budgets funds to repair and replace our aging sewer collection system. Actual projects are identified and prioritized annually.

Sewer Line Extensions: Each year, the City budgets funds to extend sewer lines in accordance with the Water/Sewer Extension Policy. Actual projects are identified and prioritized annually.

Granite Quarry and Rockwell Generators: This project consists of installing emergency generators at the sewer lift stations in the Granite Quarry/Rockwell sewer conveyance system that do not have them in order to prevent sewer overflows during power outages.

Grant Creek Sludge Dewatering: The plate and frame press at the Residuals Management facility that dewater sludge from both wastewater plants, as well as alum sludge from the water plant, is ten years old and

can barely keep up with the current sludge processing demands. This project will install a separate sludge dewatering system at Grant Creek WWTP to meet increasing demand and maintain the solids concentrations at the correct level to ensure compliance with the National Pollutant Discharge Elimination System (NPDES) permit limits. With completion of the project, the practice of hauling sludge by tanker truck from the Grant Creek WWTP to the Town Creek WWTP could be discontinued.

Grant Creek and Town Creek WWTP Upgrade: The State of North Carolina is not proposing nutrient limits as part of the basinwide management plan. Therefore, it is possible that we could operate the two existing WWTPs for an additional 10 to 15 years before a new combined WWTP would have to be built. In order to operate the aging facilities for that length of time and maintain compliance, it will be necessary to replace and upgrade existing equipment and consider the construction of additional clarifiers and tertiary treatment such as sand filters.

Laboratory Expansion/Maintenance Building: This project consists of the expansion of the laboratory in the existing building, including HVAC improvements to improve ventilation to meet OSHA standards. A new building to house the maintenance shop for the Plants Maintenance Division will allow for a more enclosed shop area for equipment repairs and to accommodate additional personnel due to consolidation.

Impact on Operations in Water/Sewer Fund - These capital improvements will not have an adverse impact of the operating costs of the Water and Sewer Fund. Currently, no additional staffing is proposed due to any CIP project, either for construction or ongoing operation. The proposed improvements are needed for upgrading aging infrastructure, providing services to new areas, equipping the system with backup and meeting mandates from State and federal government.

The City participates in extension projects that have an approximate 10-year payback, based on availability of funds in each budget year. During FY00, the City is budgeting \$500,000 for extension projects. Any costs beyond the estimated payback or availability of funds are required to be paid by the developer.

Debt service requirements for the CIP are calculated in the Water/Sewer rate structure. Utility rates including operations and debt service for residential customers are projected to increase an average of 8.84% in FY00.

CAPITAL IMPROVEMENT PROGRAM (FY 2000-04)
GENERAL FUND SCHEDULE

PROJECT DESCRIPTION (\$ 000's)	PROPOSED FUNDING SOURCE	TOTAL PROJECT COST FY 00-04	FIVE YEAR SCHEDULE (FY)					
		1999-00	2000-01	2001-02	2002-03	2003-04		
BUILDINGS AND GROUNDS								
Downtown Projects	Bond Proceeds	\$ 805	\$ 805					
City Office Building	Bond Proceeds	273	125		\$ 148			
City Hall Building	Bond Proceeds	174	174					
Salisbury West Business and Community Center	Bond Proceeds	11	11					
Police Headquarters	Bond Proceeds	95	95					
The Plaza	Bond Proceeds	250	250					
HVAC Repairs to Various Facilities	General Fund	59	59					
Roof Repairs at Fire Department	General Fund	5	5					
Extend Shop Area at Fleet Management Facility	General Fund	529		100	3	6	420	
Equipment/Materials Storage Street Division	General Fund	205		90	45	45	25	
Landscaping and Building Improvements-Cemetery Division	General Fund	26		23	2		1	
Remodel Bathroom at Fire Station 53	General Fund	39		39				
Equipment Storage/Irrigation Landscaping Division	General Fund	25		25				
Enclose Area for Office Space/Storage-Traffic Operations	General Fund	165		165				
Enclose & Heat Building Connection-Street Division	General Fund	50						50
PARKS & RECREATION								
Salisbury Park and Community Complex	Bonds/Gen. Fund/ Donations/Grants	504	304	200				
Renovations-Various Parks & Neighborhood Facilities	General Fund	595	80	143	166	123	83	
Expansion of Civic Center	GO Bonds	1,500		1,500				
Salisbury West Complex	HUD	457		187	150	120		
Sports Compex Renovation	General Fund	215			215			
OTHER								
Construct New Fire Station	General Fund/ Lease Purchase	850		850				
TOTAL GENERAL FUND		\$ 6,027	\$ 1,103	\$ 3,322	\$ 729	\$ 294	\$ 579	

CAPITAL IMPROVEMENT PROGRAM (FY 2000-04)
WATER AND SEWER FUND SCHEDULE

PROJECT DESCRIPTION (\$ 000's)	PROPOSED FUNDING SOURCE	TOTAL PROJECT COST FY 00-04	FIVE YEAR SCHEDULE (FY)				
			1999-00	2000-01	2001-02	2002-03	2003-04
WATER IMPROVEMENTS							
Water Line Repair/Replacement	W/S Rates	\$500	\$100	\$100	\$100	\$100	\$100
Water Line Extensions	W/S Rates	1,250	250	250	250	250	250
Water Treatment Plant Upgrade	GO Bonds/ Revenue Bonds	10,800		1,500	2,500	4,900	1,900
Raw Water Force Main & Gravity Lines	GO Bonds/ State Loan	6,100		3,000	3,100		
Finished Water Line to China Grove	Revenue Bonds	2,400		2,400			
Finished Water Line from Granite Quarry to Rockwell	Revenue Bonds	1,600				1,600	
Hurley School/Sherrills Ford Rds 12" Water Line	Revenue Bonds	1,100					1,100
TOTAL WATER IMPROVEMENTS		\$23,750	\$350	\$7,250	\$5,950	\$6,850	\$3,350
SEWER IMPROVEMENTS							
Line Repair/Replacement	W/S Rates	\$1,600	\$200	\$200	\$300	\$400	\$500
Sewer Line Extensions	W/S Rates	1,250	250	250	250	250	250
Granite Quarry & Rockwell Generators	W/S Rates	170	170				
Grant Creek Sludge Dewatering	State Loan	850	850				
Grant Creek & Town Creek WWTP Upgrade	Revenue Bonds	6,000			2,000	2,000	2,000
Maintenance Building and Lab Expansion	Revenue Bonds	2,209			1,100	1,109	
TOTAL SEWER IMPROVEMENTS		\$12,079	\$1,470	\$450	\$3,650	\$3,759	\$2,750
TOTAL WATER/SEWER IMPROVEMENTS		\$35,829	\$1,820	\$7,700	\$9,600	\$10,609	\$6,100

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